

## REMARKS/ARGUMENTS

### I. NON-PRIOR ART MATTERS.

#### A. The Office Action requested the Applicant's representative to correct an earlier response to a restriction requirement.

Applicant herein corrects the earlier response by electing the invention of claims 1 and 2 without traverse.

#### B. The Office Action objected to the drawings.

After consultation with the Examiner, Applicant's representative herein submits corrected drawings in two parts. First, the vast majority of "drawings" (which are really tables) are re-submitted as tables. Second, a small number of drawings are resubmitted with corrections. Because of the large number of tables and drawings, Applicant respectfully requests the Examiner's assistance in determining the adequacy of the submission, and will respond promptly to future objections. However, Applicant asks the Examiner to note Applicant's good faith attempt to respond to the objection. For purposes of publication, Applicant also is resubmitting an entire Substitute Specification, under 37 CFR §1.125(a) and MPEP 608.01(q) as suggested by the Examiner.

#### C. The Office Action rejected claims 1 and 2 under 35 USC §112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Specifically, the Office Action states:

"Regarding claims 1 and 2, it is unclear whether these claims are method claims or system claims. The preamble appears to be a data processing method yet the body of the claims lack clearly defined method steps."

Applicant has amended the preamble of claim 1 to indicate that the claim elements are method steps.

The Office Action also states:

"Regarding claim 1, the phrase "such as" renders the claim indefinite because it is unclear whether the limitations following the phrase are part of the claimed invention."

Applicant fails to find any "such as" phrase in claim 1. If this is incorrect, Applicant requests the Examiner's assistance in amending the claim by deleting the objected to language.

The Office Action also states:

"Regarding claim 2, line 4, "if any" renders the claim indefinite."

The phrase has been deleted.

Claims need only "reasonably apprise those skilled in the art" for their scope and be "as precise as the subject matter permits."<sup>1</sup> The test of definiteness is whether one skilled in the art would understand the bounds of the claim when read in light of the specification. If the claims read in light of the specification reasonably apprise those skilled in the art of the scope of the invention, §112 demands no more.<sup>2</sup>

A claim need not describe the invention, such description being provided by the specification's disclosure section.<sup>3</sup>

D. The Office Action rejected claims 1 and 2 under 35 USC 101 because the claimed invention is allegedly directed to non-statutory subject matter.

The Office Action stated that "The claims do not positively claim a processor or computing device performing the steps of the method and could be performed by an individual or individuals without a computer."

Applicant has amended claim 1 to indicate that the method steps are performed on a digital computer.

Applicant respectfully asserts that the Examiner has not followed the Examination Guidelines for Computer-Related Inventions<sup>4</sup> in making this rejection. The Guidelines clearly state<sup>5</sup>:

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<sup>1</sup> *Hybritech, Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1385, 231 USPQ 81 (Fed. Cir. 1986)

<sup>2</sup> *id.*

<sup>3</sup> *Orthokinetics, Inc. v. Safety Travel Chairs, Inc.*, 806 F.2d 1565, 1 USPQ2d 1081 (Fed. Cir. 1986)

<sup>4</sup> 61 Fed. Reg. 7478 (Feb. 28, 1996)

The utility of an invention must be within the "technological" arts. A computer-related invention is within the technological arts. A practical application of a computer-related invention is statutory subject matter. . . .An invention that has a practical application in the technological arts satisfies the utility requirement.

The applicant is in the best position to explain why an invention is believed useful. Office personnel should therefore focus their efforts on pointing out statements made in the specification that identify all practical applications for the invention. Office personnel should rely on such statements throughout the examination when assessing the invention for compliance with all statutory criteria. An applicant may assert more than one practical application, but only one is necessary to satisfy the utility requirement. Office personnel should review the entire disclosure to determine the features necessary to accomplish at least one asserted practical application.

In the Applicant's Specification, the practical application of the invention is specifically pointed out in the Background of the Invention and Summary of the Invention sections. For example, the Specification states:

However, the direct conversion from the fiat currency to a master real currency (representing the asset-backed real monetary equivalent) is a powerful paradigm shift that few people are prepared to comprehend or accept. This creates the need for the Real Monetary Software™, which is designed to carry out a number of logical, progressive functions for the purpose of guiding people through transitional phases leading each individual to his or her own paradigm shift. As such, the invention creates a conceptual structure that can meet the needs of various individuals, institutions and governments simultaneously, regardless of their individual progress through these transitional phases. It will also promote the development of a wide range of financial instruments that mimic existing financial instruments in terms of function, but which are based upon real monetary terms. The resulting benefits, to the borrowers and the lenders alike, will promote the distribution and acceptance of these instruments in the marketplace, once again promoting the application of the invention and the use of the conceptual bridge to others. The conceptual bridge will in turn lead to the paradigm shift from nominal to real monetary terms, as well as to the issuance of an asset-backed real monetary equivalent. Overall, we shall refer to the creation of

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<sup>5</sup> Guidelines, A. Identify and Understand Any Practical Application Asserted for the Invention

the conceptual bridge, and the carrying out of the functions and transitional phases, as the Real Monetization™ process. Therefore, we could also state that the purpose of the Real Monetary Software™ is to carry out the Real Monetization™ process.

Specification, p. 107.

Under any reasonable standard, the above clearly points out the practical application of the claimed method.

Furthermore, the claimed method clearly falls within the statutory safe harbor for practical applications within the technological arts.<sup>6</sup>

The Federal Circuit has also held that:

The transformation of data, representing discrete dollar amounts, by a machine through a series of mathematical calculations into a final share price, constitutes a practical application of a mathematical algorithm, formula, or calculation, because it produces "a useful, concrete and tangible result"-- a final share price momentarily fixed for recording and reporting purposes and even accepted and relied upon by regulatory authorities and in subsequent trades."<sup>7</sup>

The steps of the instant application are no less "useful, concrete, and tangible" than the share price output by *State Street*.

## II. PRIOR ART MATTERS

A. The Office Action rejected claims 1 and 2 under 35 USC 103(a) as being unpatentable over Hartnett. Applicant respectfully traverses the rejection.

The Examiner bears the initial burden of factually supporting any *prima facie* conclusion of obviousness.<sup>8</sup> If the Examiner does not produce a *prima facie* case, the applicant is under no obligation to submit evidence of non-obviousness.<sup>9</sup>

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<sup>6</sup> Guidelines, "Computer-Related Processes Limited to a Practical Application in the Technological Arts."

<sup>7</sup> *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F. 3d 1368, 1373, 47 USPQ2d 1596, \_\_ (Fed. Cir. 1998)

<sup>8</sup> MPEP Sec. 2142.

To establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure.<sup>10</sup>

Applicant respectfully traverses the § 103 rejection because the office action has not established a *prima facie* case of obviousness.

The reference does not teach or suggest all the claim limitations. As the Examiner admits, "Hartnett does not specifically disclose the issuance of the "Class A" and "Class R" certificates, as in applicants claim 1, or the issuance of additional subordinate classes of regular certificates, as in applicants claim 2."

In addition, however, the Examiner has not compared Hartnett's disclosure to all of Applicant's claim limitations. In particular, the Examiner has not shown that Hartnett positively discloses Class "A" certificates with a priority of payment, which will receive a real-principal-only (RPO) cash flow stream or "Class R" certificates subordinate to the "Class A" certificates which will receive a residual cash flow. Further, the Examiner has not shown that Hartnett positively discloses denominating the "Class A" certificates in a master real currency unit. Applicant discusses the problem of calculating the RPO and residual cash flow streams extensively, beginning at page 56 of the Specification.

Claims 1 and 2 are therefore allowable.

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<sup>9</sup> Id.

<sup>10</sup>Id. (emphasis supplied)

For the above reasons, Applicant respectfully requests the allowance of all claims and the issuance of a Notice of Allowance.

Respectfully submitted,

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